

**MINUTES OF THE  
GOVERNOR'S BOARD OF ECONOMIC DEVELOPMENT**

April 20, 2007 • 10:00 a.m. to 2:30 p.m.

IM Flash Technologies

1550 East 3400 North • Lehi, Utah

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**Members Present:** Ragula Bhaskar, Bill Boyle, Mary Draper, Molonai Hola, Mark Howell, Mel Lavitt by phone, Amy Rees Lewis, Richard Nelson, Jerry Oldroyd, Gerald Sherratt

**Members Absent:** Jack Brittain, Debra Tanzi, Cliff White

**Visitors:** Laurie Bott, Colleen Burke, Scott Burt, Jeff DeMoss, Jeff Edwards, Tauni Everett, Deborah Gestner, Stan Lockhart, Matt Mosman, Steve Oberbeck, Reed Jacobs and Brice Wallace by phone

**Staff:** Andrea Breisch, Clark Caras, Connie Gates, Gary Harter, Michael Nelson, Pete Pletsch, Jason Perry, Mike Sullivan,

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**Welcome** - Mark Howell acted as chairman and welcomed everyone to the meeting.

**Approve March 16, 2007 Minutes**

**MOTION:** Jerry Oldroyd moved to approve the minutes of the March 16, 2007 GOED Board Meeting. Molonai Hola seconded the motion. Motion carried unanimously.

**Committee Reports**

*Incentives Committee*

**Malnove Incorporated of Utah**

- Retain 104 existing employees and create 63 new full time jobs in Weber County, Utah
- Company Projected Wages: \$41,350 average which is 192% of the Weber County Median Wage (\$21,500) for the 63 new jobs
- New State Revenue: \$953,000 over 10 years for the 63 new jobs
- New State Wages: \$199,560,000 over 10 years for the 63 new jobs
- Capital Investment: \$15,000,000
- ROI Multiple: 3.3 times
- Competition: Reno and Las Vegas, Nevada; and Stockton, California

**Local Incentives:** Site needs to be selected before incentive negotiated; working with Weber County ED

**MOTION:** Gerald Sherratt moved to approve for Malnove Incorporated of Utah, an Economic Development Tax Increment Financing (EDTIF) Incentive not to exceed \$286,000 rebating 30% of new state revenue over 10 years for new incremental jobs over the existing employee baseline. Bill Boyle seconded the motion. Motion carried unanimously.

**Terms and Conditions:**

- EDTIF maximum incentive not to exceed 30% of new state revenues over the life of the project.
- The company must commit to keep operations in Utah for a minimum of 10 years.
- Average new employee salaries must be 175% of the current Weber County median.
- There must be a competitive issue.
- The company must move to or build a new facility.
- The local incentive must be \$300,000 to \$350,000.

There was a brief announcement regarding the Children's Miracle Network (CMN). CMN submitted an application for an incentive. The organization is non-profit and there has always been a committee/board policy that incentives are not given to non-profit organizations. CMN is a wonderful organization and there have been many other great non-profit companies that have come to the board. In the committee meeting it was unanimously declined per standing policy and also for the reason that it is not the role of committee/board to fund such entities.

### **GOED Report**

Jason Perry thanked Stan Lockhart, IM Flash, for hosting the meeting at their facility.

GOED has been able to negotiate some great rates that allow local companies to advertise in the Forbes Life Magazine.

A report was given on the recent Governor's Economic Summit and how it was such a great success. There were approximately 900 in attendance. The Newspaper Agency Corp., sponsors and GOED staff were thanked and recognized for putting on the event. The entrepreneurial contest was described. The Governor has been invited to San Francisco in the fall to speak to 2,000 venture capitalists, mainly because of the positive response regarding the economic summit. Jason Perry thanked GOED Staff for the wonderful job on the Economic Summit and the incentives team.

In March, staff had been tracking 105 news stories, 70 of those were about GOED programs, what GOED is doing and what they have to offer.

Michael Nelson reported on Incentives. The EDTIF, IAF, Economic Opportunity and the new Rural Fast Track Program were discussed.

During the last legislative session, there was a bill to change the definition of high-paying jobs from median to average wage. This did not get through this past session, but is on the list for the next session.

Business Facilities Magazine has an annual award for "Economic Development Deal of the Year (EDDY)" Jason Perry, on behalf of Business Facilities Magazine presented an EDDY High Honor Award to IM Flash.

### **Children's Miracle Network**

Project Highlights:

- 148 New Full time Employees in Salt Lake City, Utah
- Company Projected Wages: \$53,598 average salary which is 187% of the Salt Lake County Median Salary (\$28,600)
- New State Revenue: \$1,674,000 over 10 years
- New State Wages: \$45,559,000 over 10 years
- Capital Investment: \$1,500,000 CMN cash support for building acquisition
- ROI Multiple: 3.3 times
- Competition: Chicago, New York City, St. Louis, Philadelphia, and Atlanta

Local Incentives:

- \$1,750,000 offered from revolving loan fund

Deborah Gestner, consultant for the Children's Miracle Network (CMN), spoke about the CMN application for incentive. The organization has received a \$1.5 million loan contingent upon state support. Ms. Gestner advised that they are aware of the policy, and that this should really be considered as an economic development project. CMN contributes \$100 million in revenue to the state. They are one of largest non-profit employers in the state, and the largest children's charity in world. CMN has brought \$4.5 billion into the state over the last 25 years. Studies from other states show that non-profit organizations are 130% of wage in industry. Non-profit organizations in the Tampa Bay area brought in 4.5x more than the state's professional sports teams did. CMN will have about 300 full-time employees in the next 10 years. It was also noted that CMN has a great international presence. Utah will loose 500-600 jobs in rural areas from for profit businesses that CMN employs. CMN would like the state to consider a grant of at least \$200,000.

CMN also changed the project based on recommendations from state organizations and is now at risk of losing money on a building. Ms. Gestner asked if the GOED board would consider doing something for CMN to take back to their board in 9 days. They have a \$34 million fund balance, but it is restricted.

Policy was discussed.

Acting Chairman Mark Howell called for a motion to close the public GOED Board meeting and begin an executive session to discuss the Children's Miracle Network's request for incentives.

**MOTION: Gerald Sherratt moved and Jerry Oldroyd seconded the motion. Motion carried unanimously.**

#### **Executive Session held**

After re-convening the open meeting, Acting Chairman Mark Howell called the meeting to order and presented the following statement in support of CMN:

We're in support of the Children's Miracle Network and its contribution to the State has been profound and greatly appreciated. We're committed to work during the next few days with the Governor and the legislative leadership. We've designated the GOED Staff to explore available grants through other departments including the DCC for a HUD 108 grant and other options. We'll be back to you within a few days. We would like to express our gratitude to you, your contribution of all of your organization, and all other non-profit organizations in the state, in terms of economic development in the state of Utah.

Meeting adjourned.